



Trillion Partners, Inc.
9208 Waterford Centre Blvd., Suite 150
Austin, Texas 78758

June 24, 2010

Pina Portanova
USAC, Schools and Libraries Division
E-mail: pportan@sl.universalservice.org

Delivered via email

Federal Communications Commission
Attention: Gina Spade, Deputy Division Chief
Telecommunications Access Policy Division
445 12th Street SW
Washington, DC 20554

Delivered via Electronic Comments Filing System

RE: Response to USAC and Appeal to FCC: Russell County School District letter dated June 4, 2010

Dear Ms. Portanova and Ms. Spade,

On behalf of the Board, investors and management team of Trillion Partners, Inc., please accept this response to the Intent to Deny Letter from USAC to Russell County School District dated June 4, 2010. Additionally, please accept this letter as a simultaneous appeal to the FCC of the Intent to Deny, requesting that all of the applications as referenced in such letter be approved for funding.

Due to the magnitude of the proposed denial and the substantial delay in the issuance of USAC's currently proposed intent to deny, Trillion and all of its affected customers are under a severe hardship and request expedited resolution of this matter.

Trillion Partners is responding to this letter because thousands of students in a rural and under-served portion of Alabama will likely be denied crucial educational access. Trillion acquired this contract in 2006.

During a phone conference on June 9, 2010, Mr. Scott Barash indicated that our comments would be accepted and included as part of USAC's review of the application. This must in no way be considered a delay in the FCC's immediate consideration of this urgent appeal.

Also, Russell County School District is an applicant, who has been under review during this process with Trillion which began in February of 2009. Russell County SD was issued their FCDL approving funding on March 26, 2010. It is unclear as to why Russell County SD is being reviewed again after USAC took 13 months to review and approve the application. It is important to note that this application is being reviewed again when no additional data had been provided between the time of the March 2010 FCDL and the issuance of this letter.

Response to Questions

Date: June 4, 2010

David Elmore
Russell County School District
(334) 855-0861
Application Number(s): 658060, 735917

Response Due Date: June 21, 2010

We are in the process of reviewing Funding Year 2009 and FY 2010 Form(s) 471 to ensure that they are in compliance with the rules of the Universal Service program. Funding Year 2009 Application 658060, FRNs 1800040, 1800041 and Funding Year 2010 Application 735917, FRNs 1988711, 1988727 will be denied for the following reasons:

Based on the documentation that has been provided to USAC, the entire Funding Request Numbers (FRNs) 1800040, 800041, 1988711, and 1988727 will be denied because Russell County School District did not conduct a fair and open competitive bidding process. The Form 470 (No. 949370000694376) associated with these FRNs was posted on October 28, 2008 and the Contract Award Date was February 6, 2009. The documentation indicates that David Elmore engaged in meetings, e-mail discussions, and verbal discussions with Trillion employees beginning in September 2008 through the award of the three-year contract to Trillion in February 2009. These discussions were not general marketing discussions, but rather show that Russell provided Trillion with inside information regarding its needs and details about their procurement process, that Trillion influenced the procurement process by providing input into Russell's Request for Proposal (RFP) and FCC Form 470 to ensure that Trillion would be awarded the contract.

Specifically, Chuck Browning (Trillion) requested a meeting with David Elmore (Russell) and the new superintendent, Mr. Richardson to "address the upcoming contract renewal and VoIP as a P1 service" on September 16, 2008.

The contract that was in place between Trillion and Russell County SD, had in place a renewal clause that did not require Russell to go out to bid. This notwithstanding, the customer went out to bid anyway. Trillion had every right to discuss with the customer a potential renewal of the existing contract. In regards to "VoIP as a P1 service", Trillion does provide this service and is part of Trillion's product offering. Trillion is allowed under USAC guidelines to discuss this service. Please see the letter from Trillion to Scott Barash with USAC dated June 17, 2010.

The meeting was confirmed for October 7, 2008 at 11 am. On October 10, 2008, Chuck Browning (Trillion) thanked David Elmore (Russell) for meeting

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with him and hearing about how happy the school district was with Trillion's services. Further, Mr. Browning stated that "I will be looking for your RFP and 470 in the near future . . .

This only indicates that an RFP and 470 will be coming out shortly. It does not indicate any influence whatsoever on the part of Trillion. It is standard industry practice for a school district to notify potential bidders that a Form 470 and or an RFP may be published in the near future. There are no FCC rules that prohibit this.

and I will contact you next Tuesday to gather information so that we can do a pre-design and best faith estimate for you."

There is no record that Trillion can find where a pre-design and best faith estimate was provided. Even if one had been provided, a service provider is allowed under USAC guidelines to provide this information. See letter to Scott Barash of USAC dated June 17, 2010.

Additionally, Mr. Browning confirmed that Jennifer Carter (Trillion E-Rate Specialist) will contact Denise Shields (Russell) "as we discussed."

Trillion provided to USAC in multiple letters including one to Mel Blackwell dated June 8, 2009, which describes Trillion's standard policy to refer applicants with E-Rate questions to Trillion's E-Rate specialist. This E-Rate specialist has continually been trained by USAC on what is allowable under USAC guidelines. Also, it is allowable for a service provider to provide neutral guidance and point the applicant back to existing resources. Again, see attached letter to Scott Barash dated June 17, 2010. There is no indication whatsoever in the data provided which would indicate any influence at all in any way.

On October 29, 2008, Chuck Browning (Trillion) sent email to re-schedule the October 24, 2008 call regarding Trillion's proposal for VoIP services.

The sales person in this case mis-spoke and was referring to a preliminary design. Trillion can not find record of providing a preliminary design and good faith estimate.

On November 14, 2008, David Elmore (Russell) confirmed with Chuck Browning (Trillion) that he would attend the Trillion's ShoreTel demonstration at the Houston CSD in Dothan, Alabama on November 20, 2008 and that Jeff Meadows (Trillion) would attend Russell's open bid meeting on November 17, 2008.

Russell County School District did not file a 470 for VoIP services. Therefore, this demonstration was not during a bid process and was allowable, as product demonstrations are allowable under E-Rate rules.

On November 19, 2008, David Elmore (Russell) asked Chuck Browning (Trillion) whether the demonstration would also include the school's WAN system. Chuck

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Browning replied and said that the demonstration would not include the WAN system, but that Kevin Bethke (Trillion) and he would be available following the demonstration to answer any questions about the WAN.

It is confirmed here that a demonstration of the WAN would not be done. The applicant had already posted their 470 and issued the RFP for WAN services.

Mr. Browning also stated that he would provide Russell with references at that time. Trillion's formal proposal was submitted to Russell County School District on November 20, 2008. On December 5, 2008, Chuck Browning (Trillion) contacted David Elmore (Russell) to set up a conference call to discuss Trillion's proposals. On December 10, 2008, Chuck Browning (Trillion) provided David Elmore (Russell) with a copy of the contract and additional information needed to complete the renewal. The contract was awarded and signed by Trillion on February 6, 2009. (See Russell.CB.Documents attachment.)

Trillion has every right under E-Rate guidelines to submit a proposal to an applicant, to have a call with that applicant to discuss its proposal and clarify/answer any questions, and as the chosen service provider to sign a contract with that applicant. This is standard business practice across all industries throughout America.

FCC rules require applicants to conduct a fair and open competitive bidding process free from conflicts of interest. See Request for Review of the Decision of the Universal Service Administrator by Ysleta Independent School District, El Paso, Texas, et al, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc., SLD Nos. 321479, 317242, 317016, 311465, 317452, 315362, 309005, 317363, 314879, 305340, 315578, 318522, 315678, 306050, 331487, 320461, CC Docket Nos. 96-45, 97-21, Order, 19 FCC Rcd 6858, ¶ 60 (2003) ("Ysleta Order"); See also Request for Review of Decisions of the Universal Service Administrator by MasterMind Internet Services, Inc., Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Order, 16 FCC Rcd 4028-4032-33, ¶ 10 (2000); Request for Review of Decisions of the Universal Service Administrator by SEND Technologies LLC, Schools and Libraries Universal Service Support Mechanism, CC Docket No. 02-6, Order, DA 07-1270 (2007); Request for Review of Decisions of the Universal Service Administrator by Caldwell Parish School District, et al., Schools and Libraries Universal Service Support Mechanism, CC Docket No. 02-6, Order, DA 08-449 (2008)(Caldwell Parish). Applicants cannot reveal to one prospective service provider information they do not provide to all. See Caldwell Parish, ¶ 16. For additional guidance regarding the competitive bidding process, please refer to the USAC website at: <http://www.usac.org/sl/applicants/step03/run-open-fair-competition.aspx>.

If the entire FRNs should not be denied and you have alternative information, please provide the supporting documentation. We are including copies of the above referenced emails and meeting confirmations for your review.

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There is nothing in Form 470 or RFP which would indicate that Trillion had an unfair advantage in this process. In fact, based on the Form 470 and RFP, Trillion was actually at a disadvantage.

The Form 470 (No. 949370000694376) was posted on October 28, 2008. The services that this Form 470 requests are *“Digital Transmission Services (Leased WAN per RFP specifications): 100Mbps - 10Gbps connectivity to 11 locations (Note: The number of locations may change (+/-) during the term of the contract & any extensions based on system needs)”*.

The attached RFP states the requirements as follows:

“1. Vendor must provide leased WAN & Internet Access to all eligible locations as specified:

WAN Connectivity. Leased fiber WAN service with full duplex (not shared) 1 Gbps fiber connection to all locations. Other WAN technologies will be considered if they meet the other specifications outlined in this RFP. Vendor must provide a Layer 3 routed solution with Quality of Service (QoS) to ensure highly reliable voice, video (H.323) and data operations across the network and provide a single handoff to all Russell County School District local area networks.

- WAN Optional Pricing.

a. All sites connected at 100 Mbps.

b. Per site pricing to increase bandwidth in 100 Mbps increments up to 2 Gbps.

c. Per site pricing to increase bandwidth in 1 Gbps increments up to 10 Gbps.

d. & e. Estimated pricing to add new sites if needed during the term of the contract (actual quote will be sought at the time of actual need).

Leased Internet Access Services: 12 Mbps connection to the Internet (dedicated, not shared) entering the District at Russell County High School. The Internet will be distributed across the WAN to all Russell County School District locations. Vendor services must integrate with Russell

County Schools’ current firewall/content filtering solution.”

The facts of this are as follows:

- As noted above, the communications were allowable under E-Rate guidelines
- Russell County SD issued an RFP and 470 for WAN services, not VoIP
- Russell County SD never issued a 470 for VoIP services
- The RFP clearly spells out the school district is looking for a fiber proposal, but *“Other WAN technologies will be considered”*.
- Trillion only proposed a wireless solution and could not offer fiber at the time
- Trillion could not provide some of the higher bandwidths as spelled out in the RFP

With this set of facts, it is hard to come to the conclusion that *“These discussions were not general marketing discussions, but rather show that Russell provided Trillion with inside information regarding its needs and details about their procurement process, that Trillion influenced the procurement process by providing input into Russell’s Request for Proposal (RFP) and FCC Form 470 to ensure that Trillion would be awarded the contract.”* Nowhere was the procurement process discussed. Also, If Trillion had influence into the RFP and 470, why did the requirements prefer fiber as the technology

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when it is something Trillion could not offer?

Additionally, please answer the following questions so that we may complete our review.

During our review of Trillion and your documentation, it appears that Trillion offered to upgrade services to Russell at no additional charge. See March 13, 2007 e-mail from Mark Lepianka (Trillion) to Lloyd Frey (CFO, Russell). It is against program rules for service providers to offer upgrades to applicants unless such upgrades are included in the service contract. Further, it is against program rules for service providers to offer services at no cost. Please provide a copy of the agreement that was attached to the original e-mail and explain how this offer does not violate the Free Service Advisory and program rules. (See Russell.Free.Upgrades document.)

Trillion as a service provider has every right under E-Rate rules to upgrade its own equipment. The e-mail refers to the fact that Trillion upgraded its equipment from unlicensed RF to FCC licensed RF in order to cut down on interference and improve reliability of the network. There was no increase in bandwidth provided as part of the equipment upgrade which illustrates why the Trillion employee said that there would be no cost charged to the customer. Therefore, no new services were offered for free. This referred simply to Trillion upgrading its own equipment which would be typical for any vendor and would be consistent with routine maintenance on a network. The document attached to the e-mail is an acceptance form (see attached).

Our review also found that on November 20, 2007, DeeAnna Peck (Russell) sent an e-mail to Jennifer Carter (Trillion) stating that “[i]t looks like Trillion has invoiced SLD for more than what Russell County has paid you. So before I sign [any service certifications] we need to get [this] straightened out.” Please explain how this invoicing issue was resolved and provide documentation to show that Trillion invoiced SLD the appropriate amounts and that Russell paid all of Trillion’s invoices. (See Russell.Invoicing.Issue document.)

During the funding year 2006 Trillion completed an upgrade to Russell County SD’s network, which increased the total annual cost for services. Trillion’s first invoice to Russell County SD for this funding year was initially wrong due to an incorrect effective upgrade date used in the invoice calculation. This invoicing error was corrected during March of 2007 when Trillion issued a credit to Russell County SD and received final payment for the year from Russell County SD during May 2007. Russell County SD made total payments for funding year 2006 to Trillion of \$25,673.01, which is also the amount the E-Rate consultant proposed in the email dated 11/9/07.

Trillion issued a refund to USAC on June 6, 2007 in the amount of \$6,934.56 on Trillion check #11328 to correct the initial invoicing error for the School and Library’s portion of funding year 2006 services. USAC was invoiced a total of \$125,344.67, which is 83% of the cost for service for funding year 2006. USAC has only remitted \$113,289.60 and denied payment of Trillion’s last invoice for that year of \$12,055.07. It was denied due to a Trillion invoice that was submitted after the Acceptable End Date. The delay in invoicing was because Trillion had to resubmit the invoice three times since USAC

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claimed they had not received the service certification. However, Trillion has the fax confirmation from Russell County SD proving the certification was timely provided to USAC. Trillion sent a letter with these facts, requesting an invoice deadline extension on January 11, 2008. However, USAC has provided no response to Trillion.

Our review also found that on May 19, 2008, Randy Wright (Trillion) sent Lloyd Frey (CFO, Russell) copies of the "Trillion Connects" and "Summary of the Agreement," marketing documents regarding Trillion's joint venture with Optasite. In the email, Randy Wright (Trillion) explains that Trillion was partnered with Optasite to market telecommunications infrastructure for lease to other tenants. Trillion explains that "this will bring a revenue source to the [School] District." Please confirm whether or not Russell County School District entered a contract with Trillion and Optasite to lease telecommunications infrastructure that is located on the school district's property to other third parties. If so, please provide a copy of the contract and an explanation of the amount of leasing revenue received from this arrangement, as well as an explanation of the effect of any leasing revenue from the towers had on the charges for services delivered by Trillion to the district. (See Russell.Optasite.Venture document.)

No contract was ever signed with Russell County School District in regards to this program and no lease payments were ever made.

You have indicated in your response that you are unable to provide information as to whether meals, entertainment and/or trips were offered or provided by Trillion employees and officers. After a review of Trillion and your responses, it appears that several meals may have occurred between Trillion and Russell employees. Please provide further information for the meals and dollars amounts that are described in the attached documentation: Lunch on 8/29/2007 - \$28.36 (see Trillion expense spreadsheet); Lunch on 3/25/2008 (see Mar. 25, 2008 email from DeeAnna Peck (Russell) to David Dunmyer (Trillion)). Please confirm whether or not Mr. Elmore (Russell) and Mr. Richardson (Russell, Superintendent) had lunch with Chuck Browning (Trillion) and Jeff Meadows (Trillion) on October 7, 2008 (see emails regarding 11 am meeting on October 7, 2008). (See Russell.Meals document.)

Trillion provided records of all meals related to this applicant and has no record of a meal occurring as a follow up to either of these email communications. The only meal provided was on 8/29/2007 for \$14.18 to Russell County.

The facts provided in the letter from USAC list events that, in each instance, are in full compliance with state and local procurement laws and regulations. As has been provided in a letter to Scott Barash of USAC dated June 8, 2010, Trillion has already described how the FCC guidelines regarding meals, gifts and gratuities are based on state and local procurement rules, not a separate federal standard. Also as we previously outlined, Trillion is aware of the Notice of Proposed Rulemaking dated May 20, 2010, soliciting public comment on a potential rule which would extend current rules for Executive Branch

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employees to employees of governmental entities that participate in the E-Rate program. As of this writing, not only has this new proposed rule not yet been approved, it is definitely not being proposed to apply retroactively. This means that this proposed rule did not and will not apply to the facts you describe to form the basis for the proposed denial. Furthermore, Trillion currently operates under a strict Code of Conduct which would fully comply with the FCC's proposed guideline. In all instances, the facts you describe regarding Trillion did not affect the competitive bidding process and were in full compliance with all applicable competitive bidding and procurement requirements.

The amounts spent on meals or other routine business expenses were trivial and could not have possibly influenced a decision that would ultimately be made by the School Board. Furthermore, no member of the School Board received any such expense. The fact is, Trillion invested \$417,406 in order to construct a network providing critical services with a total contract value of \$1,480,952, while the amount of the routine business meals and expenses only amounted to \$14.18 and never went to any individual with decision making authority.

In summary, Trillion's actions were in full compliance with state and local procurement guidelines in effect at the time. The currently proposed FCC rule on gifts and gratuities has not been approved and is not proposed to apply retroactively to the time period in question. The amounts of the routine business meals and expenses were trivial and were never given to decision makers. Therefore, this customer's actions did not, in any way whatsoever, improperly affect the competitive bidding process.

Trillion respectfully requests that this application not be denied based on this issue.

You have 15 days to respond to this request. Your response is due by the close of business June 21, 2010. Please reply via e-mail or fax. Please provide complete responses and documentation to the questions listed above. It is important that you provide complete responses to ensure the timely review of your applications. If you do not respond, or provide incomplete responses, your funding request(s) (FRNs) may be reduced or denied, or in the case of committed FRNs subjected to commitment adjustment.

If the applicant's authorized representative completed the information in this document, please attach a copy of the letter of agency or consulting agreement between the applicant and the consultant authorizing them to act on the school or library's behalf. If you receive assistance outside of your organization in responding to this request, please indicate this in your reply.

Should you wish to cancel your Form 471 application(s), or any of your individual funding requests, please clearly indicate in your response that it is your intention to cancel an application or funding request(s). Include in any cancellation request the Form 471 application number(s) and/or funding request number(s). The cancellation request should be signed and dated and including both the name and title of the authorized individual.

Thank you for your cooperation and continued support of the Universal Service Program.

Pina Portanova
USAC, Schools and Libraries Division

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Phone: 973-581-5016
Fax: 973-599-6552
E-mail: pportan@sl.universalservice.org

Sincerely,

Trillion Partners, Inc.

Attachments:

- Trillion Account Summary and Review June 8, 2009 – Russell County School District
- Letter from Trillion to Scott Barash of USAC dated June 8, 2010
- Letter from Trillion to Scott Barash of USAC dated 17, 2010
- Russell RFP dated October 28, 2008
- Al-Russell County-121506-INET-ACCEPT-a.doc

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Trillion Account Summary and Review

Customer Information

Name RUSSELL COUNTY SCHOOL DIST
Address PO Box 400, Phenix City, AL, 36868
Billed Entity # (BEN) 128201
Lead Sales Representative Asset Acquisition – Sales representative prior to asset acquisition unknown
Post Asset Acquisition – David Jolly, Chuck Browning
Customer of: Gary Gaessler No Roger Clague No Steve Davis No
(Direct Sales Communications)
Trillion/E-Rate Consultant None
Communication
Customer Status Active customer

Contract Information

ContractNumber	Award Date	End Date	470 Number	470 Date	FRN Number	471 Number
2001-056	01/31/02	06/30/06	195810000310033	11/16/00	1117945	407628
2001-056	01/31/02	06/30/06	195810000310033	11/16/00	1248207	452648

Extensions/Renewals/Upgrades

ContractNumber	Award Date	End Date	470 Number	470 Date	FRN Number	471 Number
N/A	02/09/06	06/30/09	557540000563027	12/14/05	1386802	502137
N/A	02/09/06	06/30/09	557540000563027	12/14/05	1386808	502137
N/A	02/09/06	06/30/09	557540000563027	12/14/05	1533208	548978
N/A	02/09/06	06/30/09	557540000563027	12/14/05	1533218	548978
N/A	02/09/06	06/30/09	557540000563027	12/14/05	1636362	591696
N/A	02/09/06	06/30/09	557540000563027	12/14/05	1636363	591696
SA-091008-001222	02/06/09	06/30/12	949370000694376	10/28/08	1800040	658060
SA-091008-001222	02/06/09	06/30/12	949370000694376	10/28/08	1800041	658060

Expense Summary

Governing State Alabama
Business Meals In compliance with state guidelines
Gifts & Entertainment None

Customer Communications

Communications Provided **Begin Date** 2/8/2006 **End Date** 2/6/2009
Customer Communications Summary Typical customer communications

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An Intel Capital funded company

June 8th, 2010

Mr. Scott Barash
Chief Executive Officer
Universal Service Administrative Company
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

Dear Scott,

On behalf of the Board, investors and management team of Trillion, I want to send a sincere thanks for applying additional resources to Trillion's applicants. Yet, as communicated via emails and phone calls from Ron Reich of Intel, Trillion Partners has reached a point of insolvency and imminent bankruptcy given an extended lack of funding under the E-Rate program. As referenced in the letters to the E-Rate Executive Director last January, and last month to Chairman Genachowski, Trillion has undergone enormous strain and on-going financial damages due to multi-year delays in processing in excess of \$17M in applications. USAC committed to process a minimum of 50 applications by yesterday, the 7th of June. Trillion is now aware of disposition on some of the 50 promised applications, which in some cases stretch back to 2006.

Trillion is now aware that USAC recently sent letters to at least 13 Trillion customers over the last few days, indicating intention to deny their applications. This letter details the overarching policy context and cites reasons in specific cases as to why applications in this group of 13 have been incorrectly processed after very lengthy delays. This letter is a final appeal to hopefully prevent an avoidable and catastrophic series of service disruptions. We strongly believe that a "fair and open competitive process" was not impaired by a conflict of interest, and that the regulations and rules have been misapplied and the facts misinterpreted in each of these applications. We urge that USAC immediately reconsider these specific applications and approve them for funding. If these actions are not corrected immediately, the company does not expect to have funds on Monday June 14th to make its payroll obligation and to make payment on long overdue obligations to circuit suppliers. We expect the to be forced to close its doors and to discontinue service to over 600,000 students and 22,000 school administrators. The market will be left with one less competent service provider in direct conflict with the FCC's goal of promoting a competitive environment to deliver the best broadband services to schools at the lowest cost.

Trillion has endeavored, based upon years of USAC guidance and training, to make sure that its approach is consistent with state, local and FCC procurement rules. Trillion believes that the data provided by Trillion to USAC supports this. However, it appears that USAC is basing potential denials on rules that have never been formally adopted or interpretations of data that are not consistent with the facts as provided in the documentation by the company. We are alarmed that USAC is applying potential rules retroactively to applications as far back as 2004. The results of these practices are seemingly to single out Trillion in a manner that if applied universally across all service providers would result in denial of the majority of all applications put forth for E-Rate funding to USAC.

Based upon the 13 letters received thus far, the following are policies that have been incorrectly applied.

- Gifts and other expenses that are allowable
- Consortium member approval prior to bid
- 470 related communications by a vendor
- Communications allowable by an incumbent vendor with its customer

Below we provide factual evidence that clears any suspicion of conflicts of interest or other issues that may have prevented a fair and open competitive process on the example application under review. We believe that for each and every of the 13 applications in question, that the facts support the same strict and clear compliance with all rules communicated by USAC. Each of these applications must be swiftly approved so that further misapplication of rules and unjust financial damage to company can stop immediately. For example, Trillion was recently provided a letter from USAC dated June 3, 2010 to a Trillion customer, Houston County Board of Education, that threatens denial of their E-Rate application. In this letter, the applicant, Houston County Board of Education, is told that its application for E-Rate funding will be denied in full due to a \$26 meal provided by the school district's incumbent service provider, Trillion. The letter solely points to this meal as reason for impending denial.

"Based on the documentation that you or Trillion Partners, Inc. have provided, the entire amount of FRNs 1786841, 1786824, and 1809620 will be denied because you did not conduct a fair and open competitive bid process free from conflicts of interest. The documentation you or Trillion provided indicates that you were offered and accepted valuable gifts, in the form of a meal, immediately prior to the process you conducted to select a service to provide these goods and services from the service provider you selected. This gift shows that you engaged in non-competitive bidding practices in violation of program rules. For additional guidance regarding the competitive bidding process, please refer to the USAC website at: <http://www.usac.org/sl/applicants/step03/run-open-fair-competition.aspx>.

The gift was in the form of a meal at Pig Out BBQ 1 on January 6, 2009 in the amount of \$26.34."

This letter raises many concerns. The reviewer is basing this pending denial on several inaccuracies. As an example, FRN's 1786841 and 1786824 are continuation requests of a contract that was signed in January of 2008, a full twelve months before this meal was provided. The school district has been a customer of Trillion's since 2006, when Trillion acquired the contract from another company. How could a \$26.34 meal to a non-decision maker influence a Superintendent and the Board of Houston County to make a decision to award a contract for \$348,804 over a three year term, when the contract award occurred a full year prior to the meal?

USAC also seems to be ignoring its own guidance regarding its policy on meal expenses. In a letter from USAC to Trillion dated April 8, 2009, where USAC expresses its concern about meals and other gifts, USAC states that the applicant must comply with "all applicable state

and local procurement laws". We have done that in this instance, as well as all others. We are happy to provide any details on specific state laws if necessary. None of USAC's training materials adequately address these issues, but we have followed any and all guidelines made available.

Trillion is also aware that in the Notice of Proposed Rulemaking dated May 20, 2010, a new rule is being proposed:

"Service providers may not offer or provide gifts, including meals, to employees or board members of the applicant"

This proposed rule is based upon 47 C.F.R. §§ 1.3001, 1.3002, which governs the "Acceptance of Unconditional Gifts, Donations and Bequests" currently in place for Executive Branch Employees, not state or local employees. Trillion fully supports the proposed rulemaking. In February of 2009 and 15 months prior to the NOPR, Trillion instituted a "Trillion Code of Conduct" that prohibits Trillion employees from providing gifts of any form to any governmental employee. We believe that all vendors should be held to the same standard to which Trillion has been holding its employees for over a year. However, it is neither legal nor fair to apply this proposed rule to applicants retroactively.

It is our experience that the occasional provision of meals and entertainment is the industry standard practice engaged in by the majority of service providers. Ex post facto application of new rules to Trillion would raise questions re the legitimacy of many other service providers.

In addition to our concern that the law is being misapplied to Trillion, we have learned that a USAC employee told a Trillion customer that it would be better served by canceling the school district's funding request for Trillion services. An excerpt from this letter Trillion had received cancelling our contract to provide services is as follows:

"In conversations with USAC, we have been informed that these funding requests will be expedited if the request for E-Rate funding for Trillion services is cancelled."

This letter raises serious concerns about the fairness of the USAC review.

Consistent with USAC's corporate charter to "ensure that schools and libraries have access to affordable telecommunications and information services," this situation needs immediate correction. E-Rate funding for prior years should not be denied to applicants on the basis of retroactive application of proposed rules, misapplication of the facts or unduly burdensome audit practices. We are confident that a rigorous evaluation of the law and the facts will vindicate Trillion. However, time is of the essence. Unless these clear errors are not expeditiously corrected, we expect imminent loss of control of our company and the systems serving 600,000 students and 22,000 administrators and teachers in primarily rural and underserved areas will go dark.

Sincerely,

Trillion Partners, Inc.

June 17, 2010

Mr. Scott Barash
Chief Executive Officer
Universal Service Administrative Company
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

Dear Scott,

Thank you very much for the time you and your staff spent with us on the phone last Wednesday. Also, thank you as well for the resources you have allocated to complete the processing of the E-Rate applications for Trillion's customers. Although it appears progress has been made, as we discussed on the phone, USAC appears to have misapplied its own rules and misconstrued or ignored relevant factual information in connection with a large number of these applications. Trillion is on the verge of insolvency and time is of the essence, and therefore we are asking you to reconsider these applications.

Of the 50 applications that USAC reviewed on or prior to June 7, 2010, a full two-thirds (33 applicants) received a letter either indicating an intent to deny or seeking clarifications and that in some form threatened denial. This represents an extraordinarily high ratio of applicants who supposedly did not follow the rules, and is starkly inconsistent with Trillion's historical application approval rate and the results of USAC's comprehensive review of Trillion's customers in 2006.

There appear to be several common themes underlying USAC's preliminary determinations to deny these E-Rate applications. The first theme concerns allowable gifts, gratuities and meals that can be provided to an applicant by a service provider. We discussed this issue in our phone call, where you indicated that a school district must follow state and local procurement rules to be compliant, and acknowledged that the proposed rule put forth in the NOPR dated May 20, 2010 applying a more stringent set of rules around gifts, gratuities and meals has not yet been adopted. Therefore, we believe that all of the letters sent by USAC threatening denial for meals, gifts and gratuities that were within state and local guidelines should be rescinded and the subject applications approved. To do otherwise would have the effect of contradicting USAC's published guidance and retroactively applying a not-yet-adopted new standard in a discriminatory fashion to conduct that was fully compliant at the time. Please refer to our letter of June 8, 2010 for further detail on this issue.

This letter is intended to address the other common themes underlying USAC's prospective denials that we did not have an opportunity to discuss on the phone, which relate to:


- 1) Allowable Form 470-related communications allowable by a vendor

- 2) Allowable communications prior to a Form 470 being posted
- 3) Allowable communications by an incumbent vendor

As demonstrated below, it appears that USAC has not followed its own guidance, has misapplied rules and/or has misinterpreted facts related to these types of communications in connection with these applications.

1) Allowable Form 470-related communications

The following excerpts from USAC training materials published between 2007 and 2010 set out clear rules governing Form 470-related communications between an applicant and a vendor:




Competitive Bidding

- Tips
 - If applicants ask you for assistance:
 - Refer them to existing sources
 - Review all requirements set out by the applicant and follow them
 - Keep records of bids submitted
 - Keep copies of contracts

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www.usac.org

Source: USAC - Overview from the Service Provider Perspective - John Noran - Service Provider Training Schools and Libraries Division - April 18, 2007 – Atlanta • April 25, 2007 – Chicago



Training for Applicants

- You can provide training to applicants on E-rate if your training does not give an unfair advantage
 - Your training can include neutral information, including references to USAC, state, and public websites and training materials
 - Ask yourself if the content of the same training provided by a competitor would concern you

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www.usac.org

Source: USAC - What To Do and How To Do It - Mel Blackwell and John Noran - Service Provider Training Schools and Libraries Division - May 8, 2008 – Miami • May 14, 2008 – Salt Lake City

Pre-bidding Discussions

- Service providers may:
 - Discuss their product offering with applicants
 - Educate applicants about new technologies
- Service providers may **NOT**:
 - Offer/provide vendor-specific language for RFP or the Form 470
 - Provide template RFPs or Forms 470
 - Offer/provide assistance with Tech Plan
 - Offer/provide assistance with RFP

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www.usac.org

Source: USAC - Program Compliance for Service Providers - Catriona Ayer - Schools and Libraries Division - May 4, 2010
– Los Angeles • May 11, 2010 – Tampa

Competitive Bidding

- What is a service provider's role in the competitive bidding process?
 - Review posted Forms 470 and/or download Form 470 summary information
 - Respond to Forms 470/RFPs
 - Review applicant requirements and local and state procurement rules, including reasons for possible bid disqualification

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www.usac.org

Source: USAC- Beginners Session for Service Providers - John Noran - Service Provider Training
Schools and Libraries Division - May 4, 2010 – Los Angeles • May 11, 2010 – Tampa



Requirements - Competitive Bidding

- The applicant must conduct a fair and open competitive bidding process
 - All bidders are treated the same
 - All bidders have equal access to information
 - All bidders know what is required of them
 - All bidders know any reasons for disqualification

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www.usac.org

Source: USAC - Application Process - Schools and Libraries Division - Washington, DC • Seattle • Denver • Chicago • Newark • Los Angeles • Atlanta September/October 2008

To summarize this guidance, a service provider may not assist an applicant in the completion of a Form 470 or offer or provide vendor-specific language for a Form 470. A service provider may offer E-Rate education if the training is neutral in nature and does not provide an unfair advantage to the service provider. If asked for assistance by the applicant in completing a Form 470, the vendor should refer the applicant to existing resources. Once the Form 470 is filed, vendors are allowed to review the form, evaluate its requirements and ask clarifying questions so long as the answers provided by the applicant are available to all potential bidders.

As described in detail in our prior letters to Mel Blackwell of USAC dated April 17, 2009 and June 8, 2009, Trillion employees have been trained extensively regarding these requirements. Trillion has a long-standing policy requiring its employees to direct all E-Rate questions from an applicant to the company's internal E-Rate attorney or E-Rate specialist, who in turn have procedures in place to direct applicants directly to the USAC website for assistance.

Despite its published guidance, it appears that USAC has taken the position that virtually any communication between a vendor and applicant regarding a Form 470 is a basis for denial. An example of this is the letter received from USAC by St. Louis County Library dated June 2, 2010, which alleges that Trillion provided improper assistance to the applicant.

St. Louis County Library posted its Form 470 on August 29, 2008. The first communication between Trillion and the applicant, which occurred after the posting on or about September 8, 2008, is as follows:

"Dear Mr. Fejedelem ,
>

> I am contacting you to request a copy of the RFP referenced on the 470
> Application # 738980000679314 recently filed by St Louis County Library.
>
> Can you please forward me a copy of the RFP?
>
> Trillion is the leading provider of Broadband WAN and Voice over IP services for K-12 education.
>
> In addition to WAN services, Trillion offers a VoIP service that is Priority 1 E-Rate eligible and is enabling K-12's to enhance safety and communication in their schools with no install costs, money down, equipment purchases or maintenance fees.
>
> After reviewing the RFP, I would appreciate the opportunity to speak with you for a few minutes by phone to better understand the Broadband and IP Telephony needs for the your school district.
>
> Thank you very much,
>
> ** Jeanne Massey **
>
> * Trillion Partners, Inc. *
>

In support of its preliminary determination, USAC cites the following e-mail exchange:

"9/24/2008 1:45PM

Jake,

Just a couple of questions...

- 1) You have a total of 325 phones. Does the distribution matter, or do you want them to spread evenly across the 20 sites? Same question for the 25 extra voice mail boxes.
- 2) Are you going to want/need to keep all of the other ports (fax lines, data, TDD, etc) that are listed in the RFP?
- 3) Any idea what types of phones and in what quantities you will want at each site (basic users, mid-level admins, high-end execs)?

I think this is all I need. Thanks.

John

9/24/2008 3:07PM

Jake,

One other thing that we just discovered... you did not check the box seeking a multi-year contract (7b) on your 470. Was that intentional or an oversight?

John Masterson

9/25/2008 9:17AM

John,

Multi-year contract was an oversight. We would be seeking a multi-year deal.

Enclosed is the telephone breakdown list (the number of jacks we have at each location).

Most sites will have basic user phones (cordless if possible). For high level execs, call forwarding to cell device is of far more importance than the type of desk phone.

-Jake

10/2/2008 3:04PM

Jake,

Would you please call me at your earliest convenience 913-269-7174. I want to make sure we're on the same page regarding your new 470. Thanks!

John"

As USAC indicates, the only difference (other than the due date) between the original Form 470 and the new Form 470 posted on October 13, 2008 was that the multi-year box was checked.

The salient facts related to this application, as demonstrated by the communications set forth above, are as follows:

- Trillion was not in contact with this prospect prior to the posting of its original Form 470
- Trillion asked for the RFP via e-mail after the original Form 470 was posted.
- Trillion asked clarifying questions in order to better understand the service requirements (such as phone count by site) and asked whether the applicant was actually seeking a one-year term
- The applicant discovered its mistake and corrected the error by filing a new Form 470
- The RFP requirements and services requested were unchanged in the new Form 470
- Trillion had no agreement or understanding with the applicant of any kind

With this set of facts, Trillion is unsure as to how the USAC reviewer came to the following conclusion:

"These e-mail exchanges suggest that it was pre-determined that St. Louis County Library would enter into a new contract with Trillion prior to the Form 470 being posted and prior to the 28 day competitive bidding

window. It also suggests that Trillion was intimately involved in developing the specifications the library would seek on its Form 470 and perhaps was involved in the drafting of the language to be used in the Form 470.”

There is simply no basis for a conclusion that a contract was predetermined as a result of Trillion’s routine communications. Trillion could not have been involved in the development of the project specifications because those specifications were in the RFP which Trillion received only after the original Form 470 was posted and those specifications did not change from original to final Form 470 posting. It is obvious that Trillion’s clarifying questions led the applicant to discover an error in its original Form 470 that was subsequently corrected. These communications speak for themselves and do not support any reasonable interpretation to the contrary.


The St. Louis County letter is just an example of the flawed logic employed in a number of “intent to deny” letters based on Form 470-related communications with Trillion customers where:

- The reviewer incorrectly interpreted the proper chronology
- The decision is inconsistent with USAC rules and guidance
- The “facts” relied upon by USAC are incorrect
- The wording in the filed Form 470 uses language directly from USAC’s Eligible Services List
- The services requested are clearly open to many bidders

We urge USAC to revisit these applications with a view to applying a consistent and understandable standard that is consistent with its published guidance.

2) Allowable communications prior to Form 470 posting

With regard to marketing, product demonstrations and similar communications with a prospective applicant prior to the posting of a Form 470, USAC has offered the following guidance:




DO's

- Provide information to applicants about products or services – including demonstrations – before the applicant posts the Form 470
 - You can provide information on your available products and services before applicants file a Form 470
 - Once the Form 470 has been filed, you are limited to the role of bidder

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www.usac.org

Source: USAC - Service Provider DO's and DON'Ts - Mel Blackwell and John Noran - Service Provider Training Schools and Libraries Division - April 18, 2007 – Atlanta • April 25, 2007 – Chicago



Training for Applicants

- You can provide information to applicants about products or services – including demonstrations – before the applicant posts the Form 470
- Once the Form 470 has been filed, you are limited to the role of bidder

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www.usac.org

Source: USAC - What To Do and How To Do It - Mel Blackwell and John Noran - Service Provider Training Schools and Libraries Division - May 8, 2008 – Miami • May 14, 2008 – Salt Lake City



Pre-bidding Discussions

- Applicants may:
 - Discuss their product offering with SPs
 - Learn about new technologies from SPs
- Applicants may **NOT** accept/use the following from service providers:
 - Vendor-specific language for RFP or the 470
 - Template RFPs or Forms 470
 - Assistance with tech plan
 - Assistance with RFP

4 www.usac.org

Source: USAC - Program Compliance - Helping You Succeed Schools and Libraries Division - Washington, DC • Newark • Atlanta • Chicago • Orlando • Los Angeles • Portland • Houston - September/October 2009



Pre-bidding Discussions

- Service providers may:
 - Discuss their product offering with applicants
 - Educate applicants about new technologies
- Service providers may **NOT**:
 - Offer/provide vendor-specific language for RFP or the Form 470
 - Provide template RFPs or Forms 470
 - Offer/provide assistance with Tech Plan
 - Offer/provide assistance with RFP

4 www.usac.org

Source: USAC - Program Compliance for Service Providers - Catriona Ayer - Schools and Libraries Division - May 4, 2010
– Los Angeles • May 11, 2010 – Tampa

To summarize this guidance, prior to the posting of a Form 470, a vendor is allowed to provide general information regarding the vendor's products and services, discuss and answer questions regarding its product offering¹, and provide product demonstrations², including an illustration or visual representation

¹ American Marketing Association definition: *A bundle of attributes (features, functions, benefits, and uses) capable of exchange or use; usually a mix of tangible and intangible forms. The terms and conditions (price, quantity, delivery date, shipping costs, guarantee, etc.) under which a product or service is presented to potential customers*

Blue Mine Group definition: *Product Offering has 5 key elements which include the product definition, customer experience, product pricing, collaboration, and differentiation.*
http://www.blueminegroup.com/articles/1_winning_product_offering_020810.php

² American Marketing Association definition: *An aspect of the sales presentation that provides a sensory appeal to show how the product works and what benefits it offers to the customer*

of how a prospective applicant's network might be configured as well as generic pricing and other indicative terms.

In many instances, however, USAC has used permissible pre-Form 470 communications as the basis for potential denial of applications filed by Trillion's customers. An illustrative example is the letter to Nogales Unified School District 1 dated June 9, 2010. This letter states:

"Correspondence provided by you shows that there were several discussions beginning January 2006 which predate the filing of the Fund Year 2008 Form 470 used to establish a new contract with Trillion. The Form 470 used to establish this contract with Trillion was posted October 26, 2007. The correspondence that predates that Form 470 shows that discussions took place between Trillion, yourself, and other members of your entity or state entity. These discussions included, among other things, the following:

- *Meetings occurred discussing possible WAN options Trillion can offer- January and February 2006*
- *Trillion providing a design and preliminary price estimate- February 2006 and April 2007*
- *Discussions to follow-up on the preliminary estimate provided by Trillion -June 28, 2007*
- *Meetings with Trillion Sales representatives- August 2007*
- *Meetings to discuss funding - September 2007*

A copy of these email exchanges are attached for your review. These email exchanges suggest it was pre-determined NOGALES UNIFIED SCHOOL DIST 1 would enter into a new contract with Trillion prior to the Form 470 being posted and prior to the 28 competitive bidding window. It also suggests Trillion was intimately involved in developing the specifications you would seek on your Form 470."

The reviewer fails to mention that, on January 12, 2006, Nogales School district posted a Form 470 (# 884590000574746) for the services that Trillion offers. The reviewer also fails to mention that Trillion's first contact with Nogales was after the Form 470 was posted. Therefore, Trillion had every right to act as a bidder, provide a proposal and clarify its proposal as the e-mail record suggests. It should be noted that Trillion did not win this bid.

During the one-year period from June of 2006 until the end of June 2007, Trillion met with the school district a total of five times, none of which occurred during a bid cycle. Trillion provided product offering information to a prospective customer

as well as a preliminary design and price estimate. Keep in mind that Trillion participated in a previous bid cycle that Trillion did not win and had information from this bid cycle on which to base its estimate. USAC guidance establishes that Trillion has the right to discuss its product offering with a prospective applicant, and the chronology identified by USAC merely confirms that these permissible discussions occurred.

It is standard industry practice to provide product quotations to potential customers. In the normal course of business, school districts across the country ask for budgetary information and service providers routinely respond to these requests. Sometimes a price quotation is in the form of a tariff and other times in the form of a budgetary estimate, all of which are well within the definition of “product offering information.”

There is no data whatsoever indicating that a contract was “pre-determined” for Trillion. Keep in mind that the applicant’s Form 470 requested *“Digital Transmission Services - Wireless or Fiber Optic based: Leased Wireless or Fiber Optic Based WAN for eleven campuses including District Office Hub”*. At the time of this bid cycle, Trillion only offered Wireless WAN and did not offer Fiber WAN services. If the outcome was pre-determined for Trillion, presumably the applicant would have requested wireless WAN services only. To the contrary, publicly available data shows that there were multiple bidders for this project that included both wireless and fiber providers.

The summary of the facts are as follows:

- Trillions first communication occurs after the applicant files a Form 470, and Trillion is not selected on that bid
- Trillion met with the school district several times over an almost two year period to discuss its product offering, all of which is allowable under USAC rules
- There are no USAC rules which limit the number of times a service provider can meet with an applicant.
- No communication whatsoever over that two-year period indicates a contract is pre-determined
- Trillion does present a pre-design and budgetary estimate, which is allowable under USAC rules
- There is no communication at all between the parties regarding any Form 470 posting
- The Form 470 posting is fair and open and is inclusive of competitive services that Trillion could not provide

With this set of facts, we cannot see how the reviewer could have possibly come to the conclusion that a decision was pre-determined and that Trillion provided impermissible guidance on the applicant’s Form 470. It is clear that, in this case and in other similar cases, USAC has drawn the incorrect and unwarranted

conclusion that routine contact with a potential applicant is a basis for denial in direct contravention of its own guidance.

3) Allowable communications by an incumbent vendor

Although this theme is very similar to the prior theme and is governed by the same set of rules, there is a fundamental difference in the relationship between an applicant and an incumbent provider in that the incumbent provider will necessarily have numerous communications with the applicant regarding the existing services provided and is the logical provider of choice when the applicant seek service additions or upgrades. As a practical matter, a new vendor will often be precluded from providing service additions upgrades due to technical problems and other inefficiencies associated with having multiple service providers on the same project. This problem arises in many scenarios, including MPLS WAN networks, large-scale layer 3 WAN networks, and interconnection VOIP expansion.

In the case of an MPLS network, if an applicant wanted to add a site or increase bandwidth to only a portion of the network, only the incumbent can offer this solution. The primary reasons are the technical limitations of an MPLS network. In an MPLS WAN, if any changes are going to occur to that network, no other alternative service provider's network will actually work with the incumbent's network. Therefore, without a wholesale change to the entire network, bandwidth upgrades to individual sites, as well as site additions to the network, can only be done by the incumbent MPLS provider. Significant issues with an alternative provider would come into play, such as the requirement for duplicative equipment and software, loss of network security and quality of service, the need to hand off traffic between providers and the requirement for "out of band" internet monitoring.

Similar issues arise with large-scale layer 3 WAN networks. If there is a network covering a large area serving multiple locations with network-wide routing, there is really no technical difference between this type of network and an MPLS network. Therefore, if an applicant were seeking bandwidth upgrades to a portion of the network, or if new sites were to be added, the only viable provider is the incumbent. For interconnected VoIP expansion, there are similar technical issues. Where an incumbent is providing phone service to the administrative offices, if an applicant seeks to add phone connections to the classrooms, it is technically impossible for another service provider to solve this integration, since having multiple providers would require management of two completely disparate systems with duplicative reporting and a loss of control between the systems. Therefore, if an applicant files a Form 470 for additional connections to have phones in every classroom, the bid is technically limited to the incumbent unless there is a wholesale change of the entire phone system.

In any of the three scenarios, due to the technical limitations and impracticalities,

the applicant must rely on the incumbent provider. Keep in mind that the incumbent provider by definition has critical knowledge that alternative providers do not. An incumbent can see the applicant's network statistics, how much bandwidth is being utilized, where the bottlenecks are, and what can be done to improve performance. If an incumbent service provider realizes that a portion of a network is running to capacity, there is every reason to inform the applicant of this fact. No guidance is provided by USAC in this case, but it would seem to be in the best interest of the applicant for the service provider to provide this useful information.

USAC fails to recognize the practical realities of the incumbent provider scenario. An illustrative example is a letter from USAC received by Northeast Texas Regional Education Telecommunications Network (NTRETN) dated June 4, 2010. In this letter, USAC indicates its intent to deny the application because NTRETN engaged in numerous discussions with Trillion employees beginning in 2004 through the award of multiple contracts. USAC claims that these discussions were not general marketing discussions, and further claims that Trillion was provided inside information with regard to the applicant's needs.

In order to put USAC's claims in context, it is important to provide some background regarding NTRETN and the services Trillion provides to it. NTRETN is a consortium of school districts located in Texas' Region 8 Education Service Center (ESC). The Region 8 ESC is one of 20 education service centers in Texas. The vision of Region 8 is "to develop a district-wide systemic culture to sustain a high-performing learning community." To achieve this vision, Region 8 delivers a variety of services, including distance learning, to each school district it serves. To provide these services, the NTRETN consortium was established to deliver a sustainable wide area network (WAN) in rural Northeast Texas to serve the schools in the Region 8 ESC area. NTRETN consists of 51 school districts in northeast Texas, including 150 campuses, with over 150,000 students. The majority of its member school districts are located in rural communities. NTRETN has an elected board of directors consisting of 12 school district superintendents and the Region 8 ESC Executive Director.

Trillion provides a customized network for NTRETN that links together school districts across a large, rural portion of Texas. The project to build the NTRETN was massive in scope because the network was required to cover over 9,000 square miles of geographic terrain. Trillion's network for NTRETN services 88 locations, 652 route miles (covering 9,000 square miles), and has three connections, or points of presence (POPs), out to the Internet.

To date, the implementation of this network has involved an investment of \$5,865,597 in capital expenditures. It has required heavy construction in school yards, coordination of utility services, adherence to strict safety guidelines, management of network addressing and protocols and much more. In fact, the project was so large and complex that it had to be built in two technically distinct

phases over the course of 19 months. Given the project's scope, it required a tremendous amount of interaction and coordination among Trillion's employees and the NTRETN team.

USAC does not take into account that a project of this magnitude requires constant communication between the parties in order to be successful, which type of communication is in accordance with USAC guidelines. USAC also does not take into account the fact that it is nearly impossible from a technical standpoint for another service provider to provide bandwidth upgrades to a portion of this comprehensively routed and managed IP network without a complete replacement of the entire network.

In regards to the communication record, in the original build of NTRETN's network, not all of the NTRETN member school districts were connected to the network. The neighboring consortium, Region 10, also had not provided adequate Internet and WAN services to its member school districts. As a result, NTRETN had received inquiries from neighboring school districts regarding the technical feasibility of adding schools to the then-existing network. There is also mention in the e-mails of the need for additional bandwidth and NTRETN's interest in an assessment of the technical feasibility of adding a 3rd POP in Texarkana. NTRETN wanted to understand whether Trillion could expand the existing network to accommodate the additional school districts, including Region 10 schools, and whether this additional usage would negatively impact the existing network.

These inquiries are analogous to inquiries that a school district might make of its incumbent communications provider to assess whether a T-1 could be provided to connect to an additional site that is not served, whether additional capacity could be added to an existing MPLS circuit, or whether an additional T-1 of Internet capacity could be added to a currently-served site. Discussing the technical feasibility and impact of adding a T-1 to a site does not run afoul of a fair and open bidding process, and nor does discussing the feasibility and impact of adding an additional site to an existing network. These type of questions are commonplace in the industry and are part of a normal dialogue between an applicant and its existing service provider. To require otherwise would be highly inefficient and counter-productive.

The relevant facts with respect to NTRETN are as follows:

- The NTRETN network is massive, covering 9,000 square miles
- The school districts served are generally very rural
- Over \$5,000,000 in capital has been invested in the network
- An applicant is allowed to ask the technical feasibility of network upgrades
- The communication record shows normal discussions between an applicant and an incumbent who provides such a complex network
- There are technical limitations on the ability of another service provider to

connect to a single site or upgrade only segments of the network without complete replacement of the entire network

With this set of facts, we do not see how the reviewer can come to the conclusion that anything but normal course discussions took place between an applicant and their incumbent service provider. Denial is particularly unwarranted in cases of this type since the result would be to force the applicant to make an economically inefficient choice of an alternate provider or to forego the requested services entirely.

Summary

Trillion understands that setting a deadline can force hasty, premature decisions. The preliminary determinations of USAC to deny Trillion's customer applications cannot withstand even casual scrutiny as they contravene USAC's own guidance and are based on numerous factual errors. These determinations are clearly motivated by a desire to "move the pile" rather than an effort to get at the real facts and to fulfill the purposes of the E-Rate program.

Unfortunately, we are now out of time. While these errors can conceivably be remedied on appeal, our company will likely not be alive to see the end of that process. The sad part is that the ones really being hurt in this process are the students of the rural and underserved areas of this country that Trillion serves. Don't let these kids be without the technology that keeps them on the same playing field as the urban kids. We urge you to direct your staff to withdraw these ill-considered "intent to deny" letters and to make thoughtful determinations on the merits of these cases.

Sincerely,

Trillion Partners, Inc.

RUSSELL COUNTY SCHOOL DISTRICT
Wide Area Network (WAN), Internet Access, & Firewall Services
Request for Proposal (RFP)
Bid Opening Date: November 25, 2008

I.	MISCELLANEOUS
A.	The Russell County School District/Board of Education intends to contract for Wide Area Network and Internet Services with the responsible bidder offering a proposal that is deemed the most acceptable and advantageous to the Russell County School District.
B.	Specifications are not intended to eliminate any reputable manufacturer, brand or bidder. Reference to manufacturers, brand names, suppliers catalog numbers, etc., is intended to set quality standards and does NOT exclude bids from others as long as quality standards are met. Pictures, descriptions and specifications shall accompany all bids.
C.	All bidders must use the enclosed Bid Response Form for submitting their bid.
D.	If a bid differs in any way from the bid specifications, the bidder must list the differences on the bid response form telling exactly where and how the bid deviates from said specifications. If no exceptions are listed on the bid, it will be presumed the bidder proposes to meet the specifications in every respect; and if awarded the contract, performance on this basis will be required.
E.	It is the bidder's responsibility to comply with all local, state, and federal laws as they apply to this bid.
F.	Russell County School District is exempted from all sales and use taxes under the provisions of Title 40, Chapter 23, Section 4 (15), Code of Alabama, 1975.
G.	Bid price is to be all inclusive with no allowable additional costs to Russell County School District Board of Education.
H.	Contracts over \$10,000 require compliance with Equal Employment Opportunity Regulations, The Clean Air Act, The Clean Water Act, and Environmental Protection Agency Regulations.
I.	If the bid amount exceeds \$10,000, a certified check or bid bond, payable to the Russell County School District Board of Education, in the amount not less than five percent (5%) of the amount of the bid but in no event more than \$10,000, must accompany the bidder's proposal. Said bond will remain in effect until the contract is completed.
J.	The Russell County School District Board of Education is an equal educational opportunity agency and prohibits discrimination in any of its educational programs, including employment, on the basis of sex, race, religion, national origin, color, age or any handicapping condition. The Board of Education complies fully with the provisions of Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the appropriate Department of Education regulations.
K.	The final awarding of this bid will be made by the Russell County School District Board of Education based on a recommendation from the Superintendent.
L.	If you choose not to bid, please return the invitation to Russell County School District and state the reason. Failure to respond may be cause for your name to be removed from our bid list.

M.	Russell County School District reserves the right to reject any and all bid proposals if deemed necessary.
N.	All vendors must have a valid Service Provider Identification Number with the Schools and Libraries Division of the Universal Services Fund AND that SPIN must be approved by SLD to provide Telecommunications Services.
O.	Vendor must be classified as a common carrier for telecommunication services.
P.	Russell County School District will review all proposals for service utilizing guidelines outlined by the Alabama State Bid Law and USAC-SLD E-rate funding.
Q.	All vendors submitting a bid are responsible for understanding USAC and FCC E-rate eligibility rules and are required to identify any costs, fees, products, or proposed uses that do meet the rules of eligibility for E-rate funding and should be filed as ineligible fees/charges.
R.	Vendor must have been in continuous business for a minimum of 3 years.
S.	Contract will be awarded for a 36 month period (July 1, 2009 – June 30, 2012) contingent upon approval of E-rate funding on an annual basis, with the school system having the option of two one year extensions July 1, 2012 to June 30, 2013 and July 1, 2013 to June 30, 2014. Options will be executed at the System's discretion provided pricing remains the same as originally agreed upon, vendor continues to meet all other requirements, the System continues to be funded through the E-rate program, and when executing the Options does not violate bid laws or E-rate guidelines (Note: Current bid law restricts contracts to a maximum of three years. However, if bid law changes during the term of the contract, Russell County School District may be permitted under bid law to execute additional options if all other conditions are met). This RFP and the successful bidder's response will be made part of any contract awarded associated with this RFP.
T.	Russell County School District reserves the right to cancel the contract with the vendor for nonperformance at any time during the contract period. Nonperformance includes but is not limited to failure to supply good quality service, failure to provide services for the full term of the contract, installation performance, poor billing and customer service services, and failure to maintain status as an authorized representative of services.
U.	The Vendor must invoice the Schools and Library Division (SLD) directly (generate a Service Provider Invoice, FCC Form 474) for the discounted portion of each bill in accordance with SLD regulations. The school district will only be invoiced for the undiscounted portion.
V.	Russell County School District reserves the right to terminate services if E-rate funding is not approved or is reduced during the specified period of the contract and/or extension periods.
W.	It is understood that, except as otherwise specifically stated in this RFP, the Vendor shall provide and pay for all materials, labor, tools, equipment, transportation, temporary construction of every nature and all other services and facilities of every nature whatsoever, necessary to execute, complete and deliver the work within the specified time. Licenses necessary for the execution of the work shall be secured and paid for by the Vendor.

X.	The Vendor shall protect all buildings, furniture, equipment, personal items, trees, shrubs, lawns and all landscaping on school property from damage. Any damaged property shall be repaired or replaced at the Vendor's expense. Labor shall include all restoration (leveling, sodding) of grounds broken up during the installation of this network.
Y.	The Vendor and his representatives shall follow all applicable school district regulations while on Russell County School property, including the no smoking, no weapons, and drug free policies. No work shall interfere with school activities or environment unless permission is given by the Principal or person in charge. All Vendor personnel shall be easily identified by the use of identification badges and uniforms or shirts with the Vendor's logo clearly visible.
Z.	Any changes, additions, modifications to the bid request will be posted to the Russell County School District Webpage www.russellcountyschools.org . It is the vendor's responsibility to check for modifications.
AA	All requirements specified in this RFP become part of any awarded contract.
BB.	Award will be made to the responsible bidder offering a proposal that is deemed the most acceptable and advantageous to the Russell County School System.
CC	No consideration will be given to any claims based on a lack of knowledge of existing conditions. For this reason, vendors should attend a site visit/survey prior to the vendor submitting a response to the bid. The date and time for site visitation is: 9:00 a.m. on November 11, 2008 at Russell County School District, Seale Annex, 91 Poorhouse Road, Seale Alabama 36875.
DD	<p>Sealed bids must be submitted prior to the bid opening scheduled for November 25, 2008 at 9:30 a.m. at the Russell County School District Board Of Education, P.O. Box 400, 506 14th Street, Phenix City, Alabama 36867.</p> <p>If mailed, the envelope must be marked "Bid 09-04 – WAN, Internet & Firewall Services" on the front and "SEALED BID DO NOT OPEN". Mail to Attention: David Elmore at the address listed above.</p> <p>Any late bids will not be opened or considered. No faxed or electronic bids will be accepted.</p>

II.	REQUEST FOR PROPOSAL
A.	Point of Contact: David Elmore, District Technology Coordinator, email: elmored@russellcsd.net
B.	Background and Basic Description of the Requirement: The Russell County School District has a wireless wide area network (WAN) connecting all schools, the central office, and all other administrative facilities enabling communication and collaboration throughout the school district. The current configuration is 11 sites connected at 100Mbps. All sites share 12 Mbps Internet network service. The network is protected by a Cisco PIX firewall that is owned and managed by the school district. The proposed configuration response to the specification below must provide Russell County School District with integrated leased WAN & Internet Access services (w/ optional Firewall services) that meet the requirements specified within this RFP.

III.	SPECIFICATIONS
A.	<p><u>1. Vendor must provide leased WAN & Internet Access to all eligible locations as specified:</u></p> <ul style="list-style-type: none"> • WAN Connectivity. Leased fiber WAN service with full duplex (not shared) 1 Gbps fiber connection to all locations. Other WAN technologies will be considered if they meet the other specifications outlined in this RFP. Vendor must provide a Layer 3 routed solution with Quality of Service (QoS) to ensure highly reliable voice, video (H.323) and data operations across the network and provide a single handoff to all Russell County School District local area networks. <ul style="list-style-type: none"> • WAN Optional Pricing. <ul style="list-style-type: none"> a. All sites connected at 100 Mbps. b. Per site pricing to increase bandwidth in 100 Mbps increments up to 2 Gbps. c. Per site pricing to increase bandwidth in 1 Gbps increments up to 10 Gbps. d. & e. Estimated pricing to add new sites if needed during the term of the contract (actual quote will be sought at the time of actual need). • Leased Internet Access Services: 12 Mbps connection to the Internet (dedicated, not shared) entering the District at Russell County High School. The Internet will be distributed across the WAN to all Russell County School District locations. Vendor services must integrate with Russell County Schools' current firewall/content filtering solution. <ul style="list-style-type: none"> • Internet Services Optional Pricing. <ul style="list-style-type: none"> f. Option to increase bandwidth by units of 3 Mbps, up to 36 Mbps, as required. • Optional Firewall and Content Filtering. Russell County School District is considering firewall and content filtering as a managed service with its Internet Access service to replace its presently owned firewall and content filtering solution. The firewall content filtering solution offered by the vendor must provide a firewall protection solution with sufficient capacity to protect Russell County School District internal network from the vendor's network and against unauthorized access into the District's network and other Internet threats while allowing the organization/users to access the Internet. Additionally, the solution must provide a robust content filtering solution that will protect students and meet CIPA compliance requirements.

	<u>2. Vendor services must include installation, maintenance, and configuration as part of their service:</u> Russell County School District is seeking managed services. Therefore, responsibility for maintaining the equipment and services rests with the vendor. The Vendor will be responsible for installation, configuration, maintenance and replacement, if necessary, of all equipment and services necessary to provide the leased services during the specified period of the contract.																																																																													
B.	Locations/Requiring WAN, Internet Access, & Firewall Services: <table><tr><th>Site Number</th><th>Name</th><th>Street</th><th>City</th><th>State</th><th>Zip</th></tr><tr><td>1</td><td>ALTERNATIVE LEARNING CENTER</td><td>91 Poorhouse Rd</td><td>SEALE</td><td>AL</td><td>36875</td></tr><tr><td>2</td><td>DIXIE ELEMENTARY SCHOOL</td><td>4914 US Highway 80 W</td><td>OPELIKA</td><td>AL</td><td>36804</td></tr><tr><td>3</td><td>INSTRUCTIONAL MATERIALS CENTER-ADMIN</td><td>5077 Highway 431</td><td>SEALE</td><td>AL</td><td>36875</td></tr><tr><td>4</td><td>LADONIA ELEMENTARY SCHOOL</td><td>9 Woodland Dr</td><td>PHENIX CITY</td><td>AL</td><td>36869</td></tr><tr><td>5</td><td>MOUNT OLIVE ELEMENTARY SCHOOL</td><td>454 State Highway 165</td><td>FORT MITCHELL</td><td>AL</td><td>36856</td></tr><tr><td>6</td><td>OLIVER ELEMENTARY SCHOOL</td><td>77 Longview Street</td><td>SEALE</td><td>AL</td><td>36875</td></tr><tr><td>7</td><td>RUSSELL COUNTY BOARD OF EDUCATION-ADMIN</td><td>506 14th St</td><td>PHENIX CITY</td><td>AL</td><td>36867</td></tr><tr><td>8</td><td>RUSSELL COUNTY BOARD OF EDUCATION-ADMIN-SEALE ANNEX</td><td>91 Poorhouse Rd</td><td>SEALE</td><td>AL</td><td>36875</td></tr><tr><td>9</td><td>RUSSELL COUNTY HIGH SCHOOL</td><td>4699 Old Seale Highway</td><td>SEALE</td><td>AL</td><td>36875</td></tr><tr><td>10</td><td>RUSSELL COUNTY MIDDLE SCHOOL</td><td>4716 Old Seale Highway</td><td>SEALE</td><td>AL</td><td>36875</td></tr><tr><td>11</td><td>RUSSELL ELEMENTARY SCHOOL</td><td>722 Railroad St</td><td>HUITSBORO</td><td>AL</td><td>36860</td></tr></table>						Site Number	Name	Street	City	State	Zip	1	ALTERNATIVE LEARNING CENTER	91 Poorhouse Rd	SEALE	AL	36875	2	DIXIE ELEMENTARY SCHOOL	4914 US Highway 80 W	OPELIKA	AL	36804	3	INSTRUCTIONAL MATERIALS CENTER-ADMIN	5077 Highway 431	SEALE	AL	36875	4	LADONIA ELEMENTARY SCHOOL	9 Woodland Dr	PHENIX CITY	AL	36869	5	MOUNT OLIVE ELEMENTARY SCHOOL	454 State Highway 165	FORT MITCHELL	AL	36856	6	OLIVER ELEMENTARY SCHOOL	77 Longview Street	SEALE	AL	36875	7	RUSSELL COUNTY BOARD OF EDUCATION-ADMIN	506 14th St	PHENIX CITY	AL	36867	8	RUSSELL COUNTY BOARD OF EDUCATION-ADMIN-SEALE ANNEX	91 Poorhouse Rd	SEALE	AL	36875	9	RUSSELL COUNTY HIGH SCHOOL	4699 Old Seale Highway	SEALE	AL	36875	10	RUSSELL COUNTY MIDDLE SCHOOL	4716 Old Seale Highway	SEALE	AL	36875	11	RUSSELL ELEMENTARY SCHOOL	722 Railroad St	HUITSBORO	AL	36860
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C.	All communication lines must work with all existing equipment currently in place including but not limited to routers, firewalls, servers, filters, etc. If additional customer equipment is needed to connect at the requested bandwidth, vendor must specify in their response, otherwise vendor will be responsible for providing any required equipment at no additional cost to Russell County School District.																																																																													
D.	All pricing must include installation, setup, configuration and maintenance fees. When installation is complete, vendor’s connectivity equipment (which may include but not be limited to routers) must be connected to the existing Russell County School District network.																																																																													
E.	Vendor must provide estimated pricing for adding additional/new locations within the boundaries of the Russell County School District, if needed, during the term of the contract. If sites are closed during the term of the contract or any extensions the services will be discontinued to that location and Russell County School District will no longer be invoiced for services to that location from that date forward.																																																																													
F.	Russell County School District must own the first switch after the demarcation point at each location. All network designs must adhere to E-rate guidelines for local network independence. The guideline states: The local data network cannot be dependent on the edge equipment. If the on-premises Priority 1 components are removed, the local area data network must continue to function. In addition, applicants cannot overcome this requirement by installing redundant components because that would be contrary to the requirement to select the most cost effective service. This independence is further described as:																																																																													

	On-premises components such as network hubs and network switches that are used to distribute data signals to multiple locations within a local area network would not meet this requirement, because if they were removed then the communication paths among the various network points would be broken.
G.	Vendor's equipment and network must meet industry standards for Quality of Service (QOS) with no additional cost or required upgrades to ensure effective operation and handling of any current and future voice and video (H.323) over IP traffic.
H.	The backbone network shall be of sufficient capacity to support the connectivity between the individual sites with sufficient capacity to increase bandwidth, as needed.
I.	<p>The vendor should be prepared to guarantee the availability of the network at each site at 99 % as calculated by the following formula.</p> $\frac{(\text{Hours in a day}) \times (\text{days in a month}) \times (\text{number of sites}) - (\text{network outage time in hours})}{(\text{Hours in a day}) \times (\text{days in a month}) \times (\text{number of sites})}$ <p>The vendor should also be prepared to guarantee the throughput of the network meets the quoted rate, taking into account normal network overhead, 99% of the time. Vendor must propose and Russell County School network personnel must agree upon a throughput measurement tool to measure and ensure compliance with this requirement. The vendor will be required to provide monthly reports and ad hoc reports, as needed, to Russell County network personnel to enable to them to assess network usage trends. Payment will not be made by Russell County Schools for network outage time that exceeds 1 percent on a per site basis.</p>
J.	<p>Vendor must provide a network diagram and describe the proposed network design including transport speeds between each location. A description of the vendor's carrier line and speeds must also be provided.</p> <p>After the network is installed the vendor will provide a final network diagram within 2 weeks of final sign off of the implementation project. Updated copies will be provided within 2 weeks of any changes made in the network after the initial implementation.</p>
K.	Vendor must provide a minimum contiguous block of 30 Public IP addresses.
L.	Vendor must provide a toll free number for technical support Monday-Friday 7:00 a.m. to 5:00 p.m. as a minimum.
M.	The vendor must describe the resources they will use to monitor, manage and repair equipment infrastructure at all locations.
N.	Vendor must provide information on any Specializations and/or Certifications of your company and employees to design, implement, and maintain the equipment proposed in your solution.
O.	Vendor must provide three references of comparable size and scope with a summary of services provided.
P.	System and services must be installed, tested and fully operational to all specified sites at least 48 hours prior to July 1, 2009 . If system is not operational by this time vendor must provide alternative connectivity to all specified locations at their cost and Russell County School District reserves the right to terminate the contract and reward services to the next qualified vendor. Service activation must be transparent and down time, if any, must be at a time determined by Russell County School District.
Q.	The vendor must provide a transition plan defining and describing the activities and timelines necessary

	to complete implementation of each of the three requested services (site by site).
R.	Upon request, the vendor must provide Item 21 Attachment documentation ready for filing for Universal Service Administrative Company (USAC), Schools and Libraries Division (SLD) FCC Form 471 and assist with providing information needed to respond to SLD application reviewer requests for information.

IV. Questions Concerning Specifications

Vendors that have questions regarding bid specifications must submit their questions in writing to the **Technology Coordinator, David Elmore, email: elmored@russellcsd.net or Fax: (334) 855-3961, not later than November 17, 2008.**

V. Basis of Award

Evaluation is a two-step process. The first step involves determining if the submittal is complete, accurate, and meets the requirements. The second step is comparing the cost-effectiveness of the proposed solutions which have successfully passed the first step process. In keeping with the guidelines of USAC, this RFP will be awarded to the most cost effective provider. Prices will be the primary factor, but not necessarily the sole factor, in evaluating the bids. Other factors of consideration may be prior experience, including past performance; personnel qualifications, including technical excellence; management capability, including schedule compliance; environmental objectives; and flexibility of leasing terms and arrangements. Russell County School District does not guarantee award of a contract and reserves the right to reject all bids.

These factors may be utilized in weighing the RFP responses as follows:

Factor	Weight
Price	40%
Prior Experience	10%
Quality of Proposed Solution	30%
Transition & Implementation Plan	10%
Flexibility of Services/Plan	10%
TOTAL	100%

The bid will be awarded as a collective grand total and not item by item. Russell County School District may elect to award all, some or none of the services bid.

RUSSELL COUNTY SCHOOL DISTRICT
Wide Area Network (WAN) Connectivity, Internet Access, & Firewall Services
Bid Opening Date: November 25, 2008
(Sealed Bids Accepted Until 9:30 a.m.)

BID RESPONSE FORM (Page 1 of 5)

NAME OF FIRM: _____

ADDRESS OF FIRM: _____

E-RATE SPIN: _____

NAME (TYPE OR PRINT): _____

***AUTHORIZED SIGNATURE:** _____

DATE: _____ **TELEPHONE:** (____) _____

***Signature certifies the proposed solution and services meet all requirements outline in the Sections I – III and the Vendor will comply with all specified requirements unless exceptions are noted below.**

EXCEPTIONS TO SPECIFICATIONS AND/OR COMMENTS

BID RESPONSE FORM (Page 2 of 5)

WAN Connectivity & Internet Access		
	Monthly/Annual Costs	One-time Installation or Setup, if any
1 Gbps connectivity for all sites.		
Per Site Pricing	\$ /\$	\$
Pricing for all 11 Sites	\$ /\$	\$
12 Mbps Internet for entire District (Entry point must be located at Russell County High School) If a standard vendor firewall solution is included as part of the Internet pricing then please indicate this and specify the solution:	\$ /\$	\$
	Total Annual Recurring	Total One-time (Non-recurring)
Total Cost for WAN and Internet:	\$	\$
	\$	\$

If any of the above services contain E-rate ineligible costs, specify above.

BID RESPONSE FORM (Page 3 of 5)

Optional WAN Connectivity, Internet Access Bandwidth & Firewall/Content Filtering		
	Monthly/Annual Costs	One-time Installation or Setup, if any
a. 100 Mbps connectivity for all sites.		
Pricing Per Site	\$ /\$	\$
Pricing all 11 Sites	\$ /\$	\$
b. 100 Mbps incremental increases in WAN connectivity per site up to 2 Gbps during the period of the contract.	\$ /\$	\$
c. 1 Gbps incremental increases in WAN connectivity per site up to 10 Gbps during the period of the contract.	\$ /\$	\$
d. Addition of WAN sites at 1 Gbps during the period of the contract (estimate only – actual pricing will be requested when a new site is identified)	\$ /\$	\$
e. Addition of WAN sites at 1 Gbps during the period of the contract (estimate only – actual pricing will be requested when a new site is identified)	\$ /\$	\$

BID RESPONSE FORM (Page 4 of 5)

Options Continued	Monthly/Annual Costs	One-time Installation or Setup, if any
f. 3 Mbps incremental increases in Internet bandwidth for entire District up to a total of 36 Mbps during the period of the contract.	\$ /\$	\$
g. Firewall & Content Filtering as a leased managed service. Specify Solution and Attach Detailed Spec Sheets:	\$ /\$	\$

If any of the above services contain E-rate ineligible costs, specify above.

BID RESPONSE FORM (Page 5 of 5)

Minimum Bid Package Requirements	YES	NO
Completed & Signed Bid Response/Certification Forms		
Documentation verifying vendor is a valid E-rate provider with an approved SPIN for both Telecommunication and Internet Access services provided with the bid.		
Network diagram and description of the network design including transport speeds between each location. A description of the vendor's carrier line and speeds is also to be provided.		
A description of the resources vendor will use to monitor, manage and repair equipment infrastructure at all locations.		
Any Specializations and/or Certifications of your company and employees to design, implement, and maintain the equipment proposed in your solution.		
Transition Plan with Timelines for all Services (WAN, Internet, Firewall)		
Bid Bond or Certified Check		
Vendor agrees to meet all requirements as specified in this RFP and any exceptions are identified in the bid response form.		
Detailed specifications of proposed Firewall & Content Filter solution.		
Three references of comparable size and scope with a summary of services provided		

NAME OF FIRM: _____

NAME (TYPE OR PRINT): _____

Certificate of Acceptance

Customer certifies that the Equipment and Services which are set forth in the Services Agreement dated and effective as of the 9th day of February, 2006, by and between Customer and Trillion Partners, Inc., are accepted by Customer as of the 15th of December, 2006, which for purposes of the Services Agreement shall be the Commencement Date for the Services Agreement. This Certificate applies to the following Trillion services:

1. Internet Access at 12 Mbps

Standard Conditions of Acceptance

If Customer utilizes the Trillion Wide Area Network services at any time in any way for the provision of voice services, then the following paragraph shall apply:

We understand that Trillion has requested that we obtain a voice grade line that includes 911 access for each of our locations from our local telephone service provider (which is not Trillion). We understand that Trillion is not responsible for providing this separate voice grade line from our local telephone service provider. We certify that we will take all appropriate action to meet our safety needs, and that we have the sole responsibility to obtain service from our local telephone service provider (which is not Trillion) for access to 911 services at each of our locations. For good and valuable consideration, the receipt and sufficiency of which is acknowledged by the undersigned, Customer, its successors and assigns, agree to hold Trillion Partners, Inc., its officers, directors, shareholders, representatives, affiliates, and employees, free and harmless from, and fully and completely indemnify each of them from and against, any obligations, costs, claims, judgments, reasonable attorneys' fees, and attachments to the extent arising from or attributable to the issues raised by this paragraph.

No valid handwritten alterations have been made to the typed print of this acceptance.

Russell County School District
"Customer"

By: _____
Rebecca S. Lee
Superintendent

Trillion Partners, Inc.
"Trillion"

By: _____
Steve Davis
VP of Operations and Technology